

**VILLAGE OF BLISSFIELD, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2004**

**WITH  
INDEPENDENT AUDITORS' REPORT**

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF BLISSFIELD	County LENAWEE
Audit Date JUNE 30, 2004	Opinion Date JULY 22, 2004	Date Accountant Report Submitted to State: OCTOBER 19, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

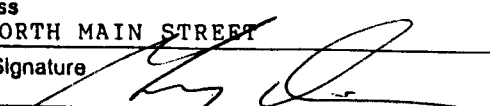
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes and the report of comments and recommendations.

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C.			
Street Address 121 NORTH MAIN STREET	City ADRIAN	State MI	ZIP 49221
Accountant Signature 			

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2004**

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**VILLAGE OF BLISSFIELD, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2004**

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# VILLAGE OF BLISSFIELD

State of Michigan

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## VILLAGE OF BLISSFIELD, MICHIGAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2004

As management of the Village of Blissfield, Michigan, we offer readers of the Village of Blissfield, Michigan's financial statements this narrative overview and analysis of the financial activities of the Village of Blissfield, Michigan for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here.

#### Financial Highlights

- The assets of the Village of Blissfield, Michigan exceeded its liabilities at the close of the most recent fiscal year \$11,650,302 (*net assets*). Of this amount, \$251,705 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased \$297,023. This decrease is attributable to depreciation expense of \$1,041,983.
- As of the close of the current year, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$3,243,668, an increase of \$2,557,788 in comparison with the prior year. The majority of this total amount is loan proceeds (\$2,280,116) for capital projects.
- At the end of the current year, unreserved fund balance for the general fund was \$121,555, or 11 percent of total general fund expenditures.
- The Village of Blissfield, Michigan's total debt increased by \$3,150,000 during the current fiscal year. The key factor in this increase was the issuance of \$3,000,000 of general obligation bonds for street and capital improvements.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Blissfield, Michigan's basic financial statements. The Village of Blissfield, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Blissfield, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Blissfield, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Blissfield, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Blissfield, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Blissfield, Michigan include general government, public safety, highways and streets, sanitation, public works, and culture and recreation. The business-type activities of the Village of Blissfield, Michigan include utility systems.

The government-wide financial statements include not only the Village of Blissfield, Michigan itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) for which the Village of Blissfield, Michigan is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 5 – 6 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that been segregated for specific activities or objectives. The Village of Blissfield, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Blissfield, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Blissfield, Michigan maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and the debt service fund, which are considered to be major funds. Data from the other seven governmental

funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Blissfield, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 7 – 14 of this report.

**Proprietary funds.** The Village of Blissfield, Michigan maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Blissfield, Michigan uses an enterprise fund to account for its Utility Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village of Blissfield, Michigan's various functions. The Village of Blissfield, Michigan uses an internal service fund to account for equipment expense (Motor Vehicle Fund). Because this service predominantly benefits governmental rather than a business-type function it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund, which is considered to be a major fund of the Village of Blissfield, Michigan. The internal service fund (Motor Vehicle Fund) is in the proprietary fund financial statements.

The basic fund financial statements can be found on pages 15 – 19 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Blissfield, Michigan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 21 – 40 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village of Blissfield, Michigan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 41 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension. Combining statements and individual fund schedules can be found on pages 42 – 47 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Blissfield, Michigan, assets exceeded liabilities by \$11,650,302 at the close of the most recent fiscal year.

By far the largest portion of the Village of Blissfield, Michigan's net assets (90 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Blissfield, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Blissfield, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Village of Blissfield, Michigan's Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 3,525,896	\$ 491,258	\$ 4,017,154
Capital assets	<u>5,623,400</u>	<u>12,124,851</u>	<u>17,748,251</u>
Total assets	<u>\$ 9,149,296</u>	<u>\$ 12,616,109</u>	<u>\$ 21,765,405</u>
Long term liabilities outstanding	\$ 2,679,816	\$ 6,691,011	\$ 9,370,827
Other liabilities	<u>356,548</u>	<u>387,728</u>	<u>744,276</u>
Total liabilities	<u>\$ 3,036,364</u>	<u>\$ 7,078,739</u>	<u>\$ 10,115,103</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 5,148,516	\$ 5,289,859	\$ 10,438,375
Restricted	841,997	118,225	960,222
Unrestricted	<u>122,419</u>	<u>129,286</u>	<u>251,705</u>
Total net assets	<u>\$ 6,112,932</u>	<u>\$ 5,537,370</u>	<u>\$ 11,650,302</u>

An additional portion of the Village of Blissfield, Michigan's net assets (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$251,705) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Blissfield, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

#### Financial Analysis of the Government's Funds

As noted earlier, the Village of Blissfield, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Village of Blissfield, Michigan's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village of Blissfield, Michigan's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of this fiscal year.



As of the end of the current fiscal year, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$3,243,668, an increase of \$2,557,788 in comparison with the prior year. Approximately 71% of this amount (\$2,280,116) is committed to capital projects. Reserved fund balance (\$140,847) is not available for new spending since it already is committed and Special Revenue Funds have \$700,664 available for their special uses.

The general fund is the chief operating fund of the Village of Blissfield, Michigan. At the end of the current fiscal year, unreserved fund balance of the general fund was \$121,555.

The fund balance of the Village of Blissfield, Michigan's general fund increased by \$22,352 during the current fiscal year. A key factor in this increase was general fund expenditures were down 4.4% from prior year.

**Proprietary fund** - The Village of Blissfield, Michigan's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the utility fund at the end of the year amounted to \$129,286. The total increase in net assets for the fund was \$171,090. This increase is approximately the same as prior year.

#### **General Fund Budgetary Highlights**

Differences between the original fiscal year 2003-04 budget and the final amended budget were overall relatively minor (a net increase of \$13,430 compared to a total original budget of \$1,200,920, or 1.1%). The differences can be briefly summarized as follows:

- \$ 8,430 decrease in general government activities.
- \$ 5,605 decrease in public safety activities.
- \$ 4,000 decrease in public works activities.
- \$31,465 increase in culture and recreation activities.

This \$13,430 net increase was primarily due to the introduction of new recreation programs and an anticipated increase in library expenditures. Of the \$13,430 increase, \$6,500 was to be funded from the revenues from those new recreation programs, and the remaining \$6,930 was to be funded out of available fund balance.

However, in actuality, the Village was able to limit general fund expenditures to less than available revenues. Therefore, not only did the village not have to draw from available fund balance, the Village added \$22,352 to that fund balance.

## Capital Asset and Debt Administration

**Capital assets.** The Village of Blissfield, Michigan's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amounts to \$17,934,270 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment, park facilities, roads, highways, and bridges, and other infrastructure. The total increase in the Village of Blissfield, Michigan's investment in capital assets for the current fiscal year was 2.4% (a 5.4% increase for governmental activities and a .07 percent increase for business-type activities).

Major capital asset event during the current fiscal year was:

- Construction on streets and capital improvements (\$456,257).

### Village of Blissfield, Michigan's Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 142,490	\$	\$ 142,490
Land improvements	462,503		462,503
Buildings	420,601		420,601
Equipment, furniture, and books	486,889	83,887	570,776
Infrastructure	3,654,660	12,226,983	15,881,643
Construction in progress	<u>456,257</u>		<u>456,257</u>
Total	<u>\$ 5,623,400</u>	<u>\$ 12,310,870</u>	<u>\$ 17,934,270</u>

Additional information on the Village of Blissfield's capital assets can be found in Note 3. C. on pages 31 – 32.

**Long-term debt.** At the end of the current fiscal year, the Village of Blissfield, Michigan had total bonded and contract debt outstanding of \$9,746,011. Of this amount, \$7,215,000 comprises debt backed by the full faith and credit of the government and \$150,000 contract purchase debt. The remainder of the Village of Blissfield, Michigan's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

### Village of Blissfield, Michigan's Outstanding Debt General Obligation and Revenue Bonds

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General obligation bonds	\$ 2,605,000	\$ 4,610,000	\$ 7,215,000
Contract purchase	150,000		150,000
Revenue bonds		<u>2,381,011</u>	<u>2,381,011</u>
Total	<u>\$ 2,755,000</u>	<u>\$ 6,991,011</u>	<u>\$ 9,746,011</u>

Additional information on the Village of Blissfield, Michigan's long-term debt can be found in Note 3. E. on pages 35 – 37 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Village of Blissfield's budget for fiscal year 2004-05:

- The occupancy rate of the Village of Blissfield's central business district is currently 88%, down from 94% a year ago.
- Inflationary trends in the Village compare favorable to nation indices.
- State revenue sharing payments are not expected to increase in fiscal year 2004-05, and may in fact decrease.
- While Village property tax revenues are expected to increase by 3% for fiscal year 2004-05, a decrease in the tax millage rate as a result of Proposal A and the Headlee Amendment will partially offset an expected 4-5% increase in property values.
- The Village is in the process of complying with a state-mandated combined sewer separation and abatement program.
- Personnel costs, particularly fringe benefit costs, are increasing at a rate faster than the inflation rate.

During fiscal year 2003-04, the General Fund's fund balance increased by \$22,352 to \$121,555. Due to the limitations that affect revenues and spending in the General Fund, the Village does not anticipate adding to that fund balance in fiscal year 2004-05. However, we do not anticipate the need to raise taxes during fiscal year 2004-05, and only anticipate raising selected rates and fees by 2-3%. We also do not anticipate the need to transfer funds from any other fund to augment the available resources of the General Fund.

We also anticipate the need to raise rates in the Village's Utility (water and sewer) Fund in fiscal year 2004-05. Fortunately for the Village taxpayers, this increase is only 3%. It should be noted that 44.2% of these utility rates support debt payments for projects mandated by the State of Michigan, such as a new water plant and combined sewer program.

### **Requests for Information**

This financial report is designed to provide a general overview of the Village of Blissfield, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Blissfield, 408 East Adrian Street, P.O. Box 129, Blissfield, Michigan 49228.

July 22, 2004

### INDEPENDENT AUDITORS' REPORT

Village of Blissfield  
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Blissfield, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2004 on our consideration of the Village of Blissfield, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

July 22, 2004

Village of Blissfield  
Lenawee County, Michigan

The management's discussion and analysis and pension plan schedule on pages i through vii and page 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Blissfield, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Robertson, Eaton & Owen, P.C.***

July 22, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT**

Village of Blissfield  
Lenawee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Village of Blissfield, Michigan's basic financial statements and have issued our report thereon dated July 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**COMPLIANCE**

As part of obtaining reasonable assurance about whether the Village of Blissfield, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Village of Blissfield, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components

July 22, 2004

Village of Blissfield  
Lenawee County, Michigan

does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village of Blissfield, Michigan in a separate letter dated July 22, 2004.

This report is intended solely for the information and use of management, the Village Council, Departments of the State of Michigan, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robertson, Eaton & Owen, P.C.***

**June 30, 2004**

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
<b>ASSETS:</b>				
Cash/savings accounts	\$ 2,732,179	\$ 11,323	\$ 2,743,502	\$ 10,420
Investments	728,559		728,559	94,848
Accounts receivables	81,373	121,495	202,868	92,140
Due from primary government				42,436
Internal balance	(16,215)			
Inventories		17,411	1,196	
		27,403	27,403	
<b>Restricted assets:</b>				
Cash/savings accounts		57,675	57,675	
Investments		69,932	69,932	
<b>Capital assets:</b>				
Land	142,490		142,490	
Land improvements	678,720		678,720	
Equipment; furniture; books	1,416,751	186,019	1,602,770	
Buildings	1,005,443		1,005,443	
Infrastructure	8,831,574	14,205,481	23,037,055	685,000
Less: Accumulated depreciation	(6,451,578)	(2,080,630)	(8,532,208)	(131,250)
Total assets	\$ 9,149,296	\$ 12,616,109	\$ 21,765,405	\$ 793,594



	<u>PRIMARY GOVERNMENT</u>		<u>COMPONENT UNIT</u>
	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Downtown Development Authority</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 30,122	\$ 4,534	\$ 15,141
Accrued expenses	50,836	19,392	
Customer deposits		12,340	
Liabilities payable from restricted assets		9,382	
Due to component unit	42,436		
Mature bonds and interest payable	174,306	330,000	30,000
<b>Noncurrent liabilities:</b>			
Due within one year	58,848	12,080	
Due in more than one year	<u>2,679,816</u>	<u>6,691,011</u>	<u>505,000</u>
Total liabilities	<u>3,036,364</u>	<u>7,078,739</u>	<u>550,141</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	5,148,516	5,289,859	18,750
<b>Restricted for:</b>			
Highways and streets	470,760		
Public safety	20,232		
Culture and recreation	317,221		
Debt Service	33,784	118,225	1,139
Unrestricted	<u>122,419</u>	<u>129,286</u>	<u>223,564</u>
Total net assets	<u>\$ 6,112,932</u>	<u>\$ 5,537,370</u>	<u>\$ 243,453</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2004**

		<b>PROGRAM REVENUES</b>		
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 230,537	\$ -	\$ -	\$ -
Public safety	513,246	46,600	30,977	8,000
Public works	56,099	-	-	-
Sanitation	12,152	-	-	-
Culture and recreation	468,030	21,432	-	78,942
Highways and streets	992,243	39,324	238,926	-
Interest on long term debt	103,728	-	-	-
<b>Total governmental activities</b>	<b>2,376,035</b>	<b>107,356</b>	<b>269,903</b>	<b>86,942</b>
<b>Business-Type Activities:</b>				
Utility systems	1,175,788	1,299,359	-	-
<b>Total business-type activities</b>	<b>1,175,788</b>	<b>1,299,359</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 3,551,823</b>	<b>\$ 1,406,715</b>	<b>\$ 269,903</b>	<b>\$ 86,942</b>
<b>Component Unit:</b>				
Downtown Development Authority	\$ 59,542	\$ -	\$ -	\$ -
Interest on long term debt	39,150	-	-	-
<b>Total component unit</b>	<b>\$ 98,692</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General Revenues:</b>				
Property taxes				
Intergovernmental – State				
Licenses, fees, and fines				
Contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous revenues				
Transfers				
<b>Total general revenues and transfers</b>				
<b>Change in net assets</b>				
<b>Net assets – beginning of year</b>				
<b>Net assets – end of year</b>				

The notes to the financial statements are an integral part of this statement.

**NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS**

<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNIT</b>
<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>	<b><u>Downtown Development Authority</u></b>
\$ (230,537)	\$	\$ (230,537)	\$
(427,669)		(427,669)	
(56,099)		(56,099)	
(12,152)		(12,152)	
(367,656)		(367,656)	
(713,993)		(713,993)	
<u>(103,728)</u>		<u>(103,728)</u>	
<u>(1,911,834)</u>	<u>-</u>	<u>(1,911,834)</u>	<u>-</u>
	<u>123,571</u>	<u>123,571</u>	
<u>-</u>	<u>123,571</u>	<u>123,571</u>	<u>-</u>
<u>\$ (1,911,834)</u>	<u>\$ 123,571</u>	<u>\$ (1,788,263)</u>	<u>\$ -</u>
\$	\$	\$	\$ (59,542)
<u>-</u>			<u>(39,150)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (98,692)</u>
\$ 1,028,879	\$	\$ 1,028,879	\$ 134,576
349,142		349,142	
45,688		45,688	
775		775	
27,111	7,419	34,530	884
32,226		32,226	
<u>(40,100)</u>	<u>40,100</u>		
<u>1,443,721</u>	<u>47,519</u>	<u>1,491,240</u>	<u>135,460</u>
(468,113)	171,090	(297,023)	36,768
<u>6,581,045</u>	<u>5,366,280</u>	<u>11,947,325</u>	<u>206,685</u>
<u>\$ 6,112,932</u>	<u>\$ 5,537,370</u>	<u>\$ 11,650,302</u>	<u>\$ 243,453</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## BALANCE SHEET

### GOVERNMENTAL FUNDS

June 30, 2004

ASSETS					Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Debt Service			
Cash/savings accounts	\$ 131,406	\$ 2,280,206	\$ 135,234		\$ 137,412	\$ 2,684,258
Investments at cost	99,857				577,592	677,449
<b>Receivables:</b>						
Accounts	48,416				30,706	79,122
Due from other funds	28,892				101,450	130,342
Total assets	<u>\$ 308,571</u>	<u>\$ 2,280,206</u>	<u>\$ 135,234</u>		<u>\$ 847,160</u>	<u>\$ 3,571,171</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 19,302	\$	\$		\$ 10,188	\$ 29,490
Accrued liabilities	43,588				6,270	49,858
Due to other funds	22,842	90	101,450		22,489	146,871
Due to component unit	42,436					42,436
Accrued sick pay	58,848					58,848
Total liabilities	<u>187,016</u>	<u>90</u>	<u>101,450</u>		<u>38,947</u>	<u>327,503</u>
<b>Fund Balances:</b>						
<b>Reserved For:</b>						
Debt service			33,784			33,784
Police equipment					20,063	20,063
Little league					36,000	36,000
Memorial Park					51,000	51,000
<b>Unreserved, Reported In:</b>						
General Fund	121,555					121,555
Special Revenue Funds		2,280,116			700,664	700,664
Capital Projects Fund						2,280,116
Permanent Funds					486	486
Total fund balances	<u>121,555</u>	<u>2,280,116</u>	<u>33,784</u>		<u>808,213</u>	<u>3,243,668</u>
Total liabilities and fund balances	<u>\$ 308,571</u>	<u>\$ 2,280,206</u>	<u>\$ 135,234</u>		<u>\$ 847,160</u>	<u>\$ 3,571,171</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

June 30, 2004

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$ 5,623,400
The internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The assets and liabilities of the internal service fund (Motor Vehicle Fund) are included in governmental activities in the Statement of Net Assets.	99,986
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.	(66,655)
Long-term portion of accrued sick and vacation pay liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(32,467)
Bond and loan indebtedness are recognized in the governmental funds when paid and not when accrued.	<u>(2,755,000)</u>
Net differences	2,869,264
Total fund balance in governmental funds (Page 7)	<u>3,243,668</u>
Total net assets of governmental activities	<u>\$ 6,112,932</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2004

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property taxes	\$ 688,330	\$	\$	\$ 340,549	\$ 1,028,879
Licenses, fees and charges for services	40,964			85,924	126,888
Fines	23,164			2,992	26,156
Intergovernmental - Federal	30,977				30,977
Intergovernmental - State	349,142			238,926	588,068
Miscellaneous	18,201			14,025	32,226
Interest	5,484	16,196	1	5,430	27,111
Gifts	775			86,942	87,717
Total revenues	<u>1,157,037</u>	<u>16,196</u>	<u>1</u>	<u>774,788</u>	<u>1,948,022</u>
<b>Expenditures:</b>					
Current:					
General government	216,822				216,822
Public safety	449,617			58,955	508,572
Public works	56,886				56,886
Sanitation	12,196				12,196
Culture - recreation	399,164			1,122	400,286
Highways and streets				317,042	317,042
Capital outlay:					
Highways and streets		456,257			456,257
Debt Service:					
Principal			495,000		495,000
Interest and agent fees			37,073		37,073
Total expenditures	<u>1,134,685</u>	<u>456,257</u>	<u>532,073</u>	<u>377,119</u>	<u>2,500,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,352</u>	<u>(440,061)</u>	<u>(532,072)</u>	<u>397,669</u>	<u>(552,112)</u>

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses):</b>					
Transfers in	\$	\$	\$	\$	\$
Transfers out		(429,823)	565,723	22,000	587,723
Bond proceeds		<u>3,150,000</u>		(198,000)	(627,823)
					<u>3,150,000</u>
Total other financing sources ( uses)	-	<u>2,720,177</u>	<u>565,723</u>	<u>(176,000)</u>	<u>3,109,900</u>
Net change in fund balance	22,352	2,280,116	33,651	221,669	2,557,788
Fund balances at beginning of year	<u>99,203</u>		<u>133</u>	<u>586,544</u>	<u>685,880</u>
Fund balances at end of year	<u>\$ 121,555</u>	<u>\$ 2,280,116</u>	<u>\$ 33,784</u>	<u>\$ 808,213</u>	<u>\$ 3,243,668</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2004**

Amounts reported for governmental activities in the Statement of Revenues,  
Expenditures and Changes in Fund Balances (Page 9) are different because:

Net change in fund balance – total governmental funds (Page 9)	\$	\$ 2,557,788
Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was than depreciation in the current period. (Total depreciation \$870,048 less total capital outlays \$562,566).		(307,482)
This issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these assets. This amount is the net effect of these differences in the treatment of long-term debt.		
Debt incurred during current year	(3,150,000)	
Less: Principal repayment	<u>495,000</u>	
		(2,655,000)
Internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds.		
The net revenue of certain activities of the Motor Vehicle Fund is reported with governmental activities.		3,764
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds –		
Accrued interest		(66,655)
Accrued long-term leave – net effect		<u>(528)</u>
Change in net assets in governmental activities (page 6)	\$	<u>(468,113)</u>

The notes to the financial statements are an integral part of this statement.



**VILLAGE OF BLISSFIELD, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 798,200	\$ 731,660	\$ 688,330	\$ (43,330)
<b>Licenses, fees and charges for services:</b>				
Swimming pool and summer programs	10,000	16,500	21,432	4,932
Licenses and permits	5,500	3,500	3,480	(20)
Mobile home park fees	2,200	2,200	2,435	235
Cable TV	<u>15,000</u>	<u>13,000</u>	<u>13,617</u>	<u>617</u>
Total licenses, fees and charges for services	<u>32,700</u>	<u>35,200</u>	<u>40,964</u>	<u>5,764</u>
<b>Fines:</b>				
Ordinance	20,000	23,000	22,805	(195)
Parking	<u>500</u>	<u>500</u>	<u>359</u>	<u>(141)</u>
Total fines	<u>20,500</u>	<u>23,500</u>	<u>23,164</u>	<u>(336)</u>
Intergovernmental revenue - State	<u>345,000</u>	<u>350,000</u>	<u>349,142</u>	<u>(858)</u>
Intergovernmental revenue - grants	<u>26,500</u>	<u>30,600</u>	<u>30,977</u>	<u>377</u>
<b>Miscellaneous:</b>				
Other	<u>11,500</u>	<u>23,000</u>	<u>18,201</u>	<u>(4,799)</u>
Interest	<u>12,500</u>	<u>7,500</u>	<u>5,484</u>	<u>(2,016)</u>
Gifts	<u>-</u>	<u>1,000</u>	<u>775</u>	<u>(225)</u>
Total revenues	<u>1,246,900</u>	<u>1,202,460</u>	<u>1,157,037</u>	<u>(45,423)</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Council	26,420	33,210	32,961	249
Administrator	32,210	34,210	34,222	(12)
Election	2,770	3,510	3,475	35
Clerk and Treasurer	45,160	50,300	49,699	601
Village Hall and grounds	154,490	127,590	72,096	55,494
Planning Commission	8,350	8,850	7,869	981
Professional service	<u>21,010</u>	<u>24,310</u>	<u>24,369</u>	<u>(59)</u>
Total General Government	<u>290,410</u>	<u>281,980</u>	<u>224,691</u>	<u>57,289</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Public Safety:</b>				
Police	\$ 456,110	\$ 450,505	\$ 444,150	\$ 6,355
Zoning administrator	<u>6,180</u>	<u>6,180</u>	<u>5,467</u>	<u>713</u>
Total Public Safety	<u>462,290</u>	<u>456,685</u>	<u>449,617</u>	<u>7,068</u>
<b>Public Works:</b>				
Public improvements	10,770	10,770	10,633	137
Public Works Department	<u>51,120</u>	<u>47,120</u>	<u>46,253</u>	<u>867</u>
Total Public Works	<u>61,890</u>	<u>57,890</u>	<u>56,886</u>	<u>1,004</u>
<b>Sanitation:</b>				
Rubbish/recycling	<u>9,460</u>	<u>9,460</u>	<u>12,196</u>	<u>(2,736)</u>
<b>Culture - Recreation:</b>				
Library	152,485	167,685	163,814	3,871
Pool	61,910	62,910	59,613	3,297
Parks	61,830	72,530	67,121	5,409
Boys Scouts	2,940	1,460	1,458	2
Festival/recreation	5,030	10,050	4,090	5,960
Urban forestry	<u>92,675</u>	<u>93,700</u>	<u>95,199</u>	<u>(1,499)</u>
Total Culture - Recreation	<u>376,870</u>	<u>408,335</u>	<u>391,295</u>	<u>17,040</u>
Total expenditures	<u>1,200,920</u>	<u>1,214,350</u>	<u>1,134,685</u>	<u>79,665</u>
Excess (deficiency) of revenues over (under) expenditures	45,980	(11,890)	22,352	34,242
<b>Other financing sources (uses):</b>				
Transfers in	<u>1,500</u>	<u>1,500</u>		<u>(1,500)</u>
Net change in fund balance	47,480	(10,390)	22,352	32,742
Fund balance - beginning of year			<u>99,203</u>	
Fund balance - end of year			<u>\$ 121,555</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues:</b>				
Interest	\$ -	\$ 12,000	\$ 16,196	\$ 4,196
Total revenues	-	12,000	16,196	4,196
<b>Expenditures:</b>				
Capital outlay:				
Highways and streets	-	495,000	456,257	38,743
Total expenditures	-	495,000	456,257	38,743
Excess (deficiency) of revenues over (under) expenditures	-	(483,000)	(440,061)	42,939
<b>Other financing sources (uses):</b>				
Transfers out - Debt Service	-	(430,000)	(429,823)	177
Bond/loan proceeds	-	3,150,000	3,150,000	-
Total other financing sources (uses)	-	2,720,000	2,720,177	177
Net change in fund balance		2,237,000	2,280,116	43,116
Fund balance - beginning of year			-	
Fund balance - end of year			\$ 2,280,116	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal	100,000	495,000	495,000	
Interest	2,000	36,780	36,773	7
Bond agent fees	100	300	300	
Total expenditures	102,100	532,080	532,073	7
Excess (deficiency) of revenues over (under) expenditures	(102,100)	(532,080)	(532,072)	8
<b>Other financing sources:</b>				
Transfers in	102,000	532,100	565,723	33,623
Net change in fund balance	(100)	20	33,651	33,631
Fund balance - beginning of year			133	
Fund balance - end of year			\$ 33,784	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2004

	Business Type Activity - <u>Enterprise Fund</u>	Governmental Activity - <u>Internal Service Fund</u>
<u>ASSETS</u>	<u>Utility</u>	<u>Motor Vehicle</u>
<b>Current assets:</b>		
Cash/savings accounts	\$ 11,323	\$ 47,921
Investments		51,110
Accounts receivable	121,495	2,251
Due from other funds	20,019	560
Inventory	<u>27,403</u>	
Total current assets	<u>180,240</u>	<u>101,842</u>
<b>Noncurrent assets:</b>		
<b>Restricted assets:</b>		
Cash/savings accounts	57,675	
Investments	<u>69,932</u>	
Total restricted assets	<u>127,607</u>	<u>-</u>
<b>Capital assets:</b>		
Utility systems	14,205,481	
Equipment	186,019	774,647
Less: Accumulated depreciation	<u>(2,080,630)</u>	<u>(579,841)</u>
Total capital assets – net	<u>12,310,870</u>	<u>194,806</u>
Total, noncurrent assets	<u>12,438,477</u>	<u>194,806</u>
Total assets	<u>\$ 12,618,717</u>	<u>\$ 296,648</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2004

LIABILITIES AND NET ASSETS	Business Type Activity - <u>Enterprise Fund</u>	Governmental Activity - <u>Internal Service Fund</u>
	<u>Utility</u>	<u>Motor Vehicle</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 4,534	\$ 632
Accrued expenses	19,392	978
Customer deposits	12,340	
Due to other funds	2,608	246
Revenue bonds payable	90,000	
General obligation bonds payable	240,000	
Accumulated leave	<u>12,080</u>	
Total current liabilities	<u>380,954</u>	<u>1,856</u>
<b>Current liabilities payable from restricted assets:</b>		
Accrued interest	<u>9,382</u>	-
<b>Noncurrent liabilities:</b>		
Revenue bonds payable	2,321,011	
General obligation bonds payable	<u>4,370,000</u>	
Total noncurrent liabilities	<u>6,691,011</u>	-
Total liabilities	<u>7,081,347</u>	<u>1,856</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	5,289,859	194,806
Restricted for debt service	118,225	
Unrestricted	<u>129,286</u>	<u>99,986</u>
Total net assets	<u>\$ 5,537,370</u>	<u>\$ 294,792</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended June 30, 2004

	Business Type Activity - <u>Enterprise Fund</u>	Governmental Activity - <u>Internal Service Fund</u>
	<u>Utility</u>	<u>Motor Vehicle</u>
<b>Operating revenues:</b>		
Sales	\$ 1,214,594	\$
Equipment rental		105,508
Service charges	39,429	1,500
Tank water	43,970	
Interest/late charges	6,617	912
Miscellaneous	1,366	14,334
Sale of assets		7,900
Total operating revenues	<u>1,305,976</u>	<u>130,154</u>
<b>Operating expenses:</b>		
Administration	133,802	
Water Department	357,089	
Sewer Department	283,435	
Collection – sewer	69,319	
Wages and fringes		26,724
Materials and supplies		20,999
Maintenance and repairs		12,297
Insurance		9,124
Depreciation	116,666	55,270
Miscellaneous		1,363
Total operating expenses	<u>960,311</u>	<u>125,777</u>
Operating income	<u>345,665</u>	<u>4,377</u>
<b>Nonoperating revenues (expenses):</b>		
Interest income	802	
Interest expense	(214,877)	
Bond agent expense	(600)	
Total nonoperating revenues (expenses)	<u>(214,675)</u>	<u>-</u>
Income before transfers	130,990	4,377
Transfers in	50,000	
Transfers out	<u>(9,900)</u>	
Change in net assets	171,090	4,377
Total net assets – beginning of year	<u>5,366,280</u>	<u>290,415</u>
Total net assets – end of year	<u>\$ 5,537,370</u>	<u>\$ 294,792</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2004**  
**DECREASE IN CASH AND CASH EQUIVALENTS**

	<b><u>Business Type Activity - Enterprise Fund</u></b>	<b><u>Governmental Activity - Internal Service Fund</u></b>
	<b><u>Utility</u></b>	<b><u>Motor Vehicle</u></b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 1,295,429	\$ 120,442
Cash paid to suppliers/employees	(898,056)	(71,266)
Interest received	6,617	912
Sale of assets	<u>          </u>	<u>7,900</u>
Net cash provided by operating activities	<u>403,990</u>	<u>57,988</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital expenditures	(10,334)	(59,994)
Bonds paid off	(320,000)	
Interest expense	(214,877)	
Bond agent fees	(600)	
Transfers	<u>40,100</u>	
Net cash used in capital and related financing activities	<u>(505,711)</u>	<u>(59,994)</u>
<b>Cash flows from investing activities:</b>		
Interest income	<u>802</u>	<u>-</u>
Net cash provided by investing activities	<u>802</u>	<u>-</u>
Net decrease in cash and cash equivalents	(100,919)	(2,006)
Cash and cash equivalents at beginning of year	<u>239,849</u>	<u>101,037</u>
Cash and cash equivalents at end of year	<u>\$ 138,930</u>	<u>\$ 99,031</u>

The notes to the financial statements are an integral part of this statement.



VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For Fiscal Year Ended June 30, 2004

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

	Business Type Activity - <u>Enterprise Fund</u>	Governmental Activity - <u>Internal Service Fund</u>
	<u>Utility</u>	<u>Motor Vehicle</u>
Operating income	\$ 345,665	\$ 4,377
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	116,666	55,270
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(3,930)	(900)
(Increase) decrease in inventory	7,263	
Increase (decrease) in accounts payable and other liabilities	(62,690)	(759)
Increase (decrease) in accrued leave	1,016	
Total adjustments	58,325	53,611
Net cash provided by operating activities	\$ 403,990	\$ 57,988

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS – AGENCY TYPE**

**June 30, 2004**

<u><b>ASSETS</b></u>	<u><b>Trust And Agency</b></u>	<u><b>Payroll</b></u>	<u><b>Garbage Collection</b></u>
Cash/savings accounts	\$ 357	\$ 37,814	\$ 2,753
Due from other funds		6,000	
Inventory – tags			4,085
Total assets	<u>\$ 357</u>	<u>\$ 43,814</u>	<u>\$ 6,838</u>
<u><b>LIABILITIES AND NET ASSETS</b></u>			
Due to other funds	\$ 357	\$	\$ 6,838
Due to other governments		3,122	
Pension payable – deferred		40,692	
Total liabilities	<u>\$ 357</u>	<u>\$ 43,814</u>	<u>\$ 6,838</u>
Net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Blissfield, Michigan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

#### A. Reporting Entity

The Village of Blissfield is a Michigan Municipal Corporation governed by the Village Council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

#### Discretely presented component unit.

Downtown Development Authority (DDA) was created as a separate legal entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and any capital projects of DDA. Prior approval by the Village is needed on any taxation by DDA. And, the Village's approval is needed for any borrowing done by DDA. The Downtown Development Authority is presented as a governmental fund type.

Separate financial statements for the component unit are not available.

#### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and a major individual utility fund are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in an other fund.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds and trust funds.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The government reports the following major proprietary fund:

The *Utility Fund* accounts for the acquisition, operation, and maintenance of the Village's sewage treatment plant, pumping stations, and collection systems, and the water plant and water distribution system.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

*Special Revenue Funds* (Major Street, Local Street, Building Inspection, and Library Trust) are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The *Internal Service Fund* (Motor Vehicle) accounts for equipment expense by which other government funds reimburse through equipment rental charges.

*Permanent Funds* (Police Equipment, Bachmayer Little League, and Clara Bachmayer Memorial Park) are fiduciary fund types used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs – that is the benefit of the Village or its citizenry.

*Fiduciary Funds – Agency Type* (Trust and Agency, Payroll, and Garbage Collection) account for assets held by the Village acting as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of the following subsequent private-sector guidance for their business-type activities (utility and motor vehicle funds), subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Village's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, liabilities, and net assets or equity.**

**1. Cash and investments**

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Village Council will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village had no advances between funds at June 30, 2004.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes are levied as of July 1 on property values assessed as of the prior December 1. The billing is mailed on July 1 and is considered due upon receipt by the taxpayer; however, the actual due date is September 14. A lien on property occurs when property taxes are levied (July 1). On September 14, the bill becomes delinquent and penalties and interest may be assessed by the government.

The Village had a general tax millage of 10.0632 for 2003. The Village's maximum allowable millage is 12.5 mills. It also levied 4.6809 mills for the general highway fund of which the maximum allowable is 5 mills.

Delinquent real property taxes are turned over to the County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60 day rule.

#### 3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### 4. Restricted assets

Certain proceeds of utility fund revenue bonds and general obligations bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond interest and redemption account is used to segregate resources accumulated for debt service payments. The bond reserve account is used to report resources set aside to make debt service payment on bonds which would otherwise be in default.

#### 5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Land improvements	20 - 50
Buildings	50
Machinery, equipment, and furnishings	10 - 20
Utility systems	10 - 100
Infrastructure	20 - 100

**6. Compensated absences**

Employees of the Village can accumulate paid time off (PTO) up to a maximum of 150% of the number of accrued PTO hours per longevity schedule in employee contract, and employees have a vested right to 100% of accumulated paid time off in the event of death or retirement, and have a 50% vested right to accumulative sick leave.

The current portion (the amount normally expected to be liquidated with expendable available financial resources) of accrued sick and PTO are shown as a liability and expenditure in the applicable governmental fund types. The entire accrued sick and PTO pay related to governmental fund types is reported in the government-wide statements.

In the proprietary funds as well as in the government-wide statements, the vested sick and PTO pay are recorded as an expense and liability of those funds as the benefits accrue to employees.

**7. Long-term obligations**

In the governmental-wide financial statements and proprietary fund types in the fund financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Village for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Village follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Village have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended June 30, 2004, the Village incurred expenditures in the General Fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
<b>General Government:</b>			
Administration	\$ 34,210	\$ 34,222	\$ (12)
Professional service	24,310	24,369	(59)
<b>Sanitation:</b>			
Rubbish/recycling	9,460	12,196	(2,736)
<b>Culture – Recreation:</b>			
Urban forestry	93,700	103,068	(9,368)

These additional expenditures were funded by greater than anticipated revenues in the case of the General Fund.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Primary Government

**Deposits.** At year end, the carrying value of the Village's deposits was \$2,801,177 and the bank balance was \$2,828,736. The total bank balance is classified in the following three categories of credit risk: (1) Insured or collateralized with securities held by the Village or by its agent in the Village's name. (2) Collateralized with securities held by a pledging financial institution's trust department or agent in the Village's name. (3) Uncollateralized. (This includes any bank balance that is collateralized with securities held by a pledging financial institution or by its trust department or agent but not in the Village's name.)

Due to higher cash flows during certain times of the year, especially when property taxes are being collected, deposits of the Village increase significantly. As a result, the amounts classified in category 3 at those times of year were substantially higher than at year end.

	<u>CATEGORIES</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>
Flex Account	\$ 100,000	\$ -	\$ 2,330,076	\$ 2,430,076
Demand Deposits	<u>101,589</u>	<u>-</u>	<u>297,071</u>	<u>398,660</u>
	<u>\$ 201,589</u>	<u>\$ -</u>	<u>\$ 2,627,147</u>	<u>\$ 2,828,736</u>

Bank balances shown in Category 1 are insured by Federal Depository Insurance.

All deposits are with banks located in Michigan as required by statutes.

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### Component Unit

**Deposits.** The component unit had deposits with a carrying value and bank balance of \$10,420 at year end. The credit risk to the bank balance is as follows:

	<u>CATEGORIES</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>
Demand Deposits	<u>\$ 10,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,420</u>

All deposits are with banks located in Michigan as required by statutes.

#### Primary Government

**Investments.** The Village's investments are classified in the following three categories of credit risk: (1) Insured or registered, or securities held by the Village or its agent in the Village's name. (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name. (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name.

The Village had investments with carrying value and bank balance of \$798,491 at year end.

	<u>CATEGORIES</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>
Certificates of Deposit	\$ 200,000	\$	\$ 250,533	\$ 450,533
Flex Account	<u>100,000</u>	<u>          </u>	<u>247,958</u>	<u>347,958</u>
	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 498,491</u>	<u>\$ 798,491</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Component Unit**

**Investments.** The component unit had investments with carrying value and bank balance of \$94,848 at year end.

	<u><b>CATEGORIES</b></u>			<u><b>Cost Value</b></u>	<u><b>Fair Value</b></u>
	<u><b>1</b></u>	<u><b>2</b></u>	<u><b>3</b></u>		
Flex Account	<u>\$ 94,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,848</u>	<u>\$ 94,848</u>

**B. Receivables**

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u><b>General</b></u>	<u><b>Major Streets</b></u>	<u><b>Local Streets</b></u>	<u><b>Utility Fund</b></u>	<u><b>Motor Vehicle</b></u>	<u><b>Total</b></u>
<b>Receivables:</b>						
Taxes	\$ 1,330	\$ -	\$ -	\$ -	\$ -	\$ 1,330
Accounts			2,395	121,495	2,251	126,141
Special assessments		21,231	5,810			27,041
Intergovernmental	<u>47,086</u>	<u>1,270</u>				<u>48,356</u>
Gross receivables	48,416	22,501	8,205	121,495	2,251	202,868
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 48,416</u>	<u>\$ 22,501</u>	<u>\$ 8,205</u>	<u>\$ 121,495</u>	<u>\$ 2,251</u>	<u>\$ 202,868</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### C. Capital assets

Capital asset activity for the year ended June 30, 2004 was as follows:

#### Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 142,490	\$	\$	\$ 142,490
Construction in progress		<u>456,257</u>		<u>456,257</u>
Total capital assets, not being depreciated	<u>142,490</u>	<u>456,257</u>	<u>-</u>	<u>598,747</u>
Capital assets, being depreciated:				
Land improvements	678,720			678,720
Buildings	1,005,443			1,005,443
Equipment, furniture, and books	1,329,229	87,522		1,416,751
Infrastructure	<u>8,296,537</u>	<u>78,780</u>		<u>8,375,317</u>
Total capital assets, being depreciated	<u>11,309,929</u>	<u>166,302</u>	<u>-</u>	<u>11,476,231</u>
Less: Accumulated depreciation for:				
Land improvements	(237,552)	(20,567)		(258,119)
Buildings	(502,722)	(40,218)		(542,940)
Equipment, furniture, and books	(820,401)	(109,461)		(929,862)
Infrastructure	<u>(3,965,585)</u>	<u>(755,072)</u>		<u>(4,720,657)</u>
Total accumulated depreciation	<u>(5,526,260)</u>	<u>(925,318)</u>	<u>-</u>	<u>(6,451,578)</u>
Total capital assets, being depreciated, net	<u>5,783,669</u>	<u>(759,016)</u>	<u>-</u>	<u>5,024,653</u>
Governmental activities, capital assets - net	<u>\$ 5,926,159</u>	<u>\$ (302,759)</u>	<u>\$ -</u>	<u>\$ 5,623,400</u>

## NOTES TO FINANCIAL STATEMENTS

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 16,145
Public safety	15,801
Culture and recreation	82,939
Highways and streets	<u>810,433</u>

Utility systems	\$ 116,665
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VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Construction commitments

The government has active construction projects as of June 30, 2004. The projects include street and parking lot construction and capital improvements. At year end the government's commitments with contractors are as follows:

	<u>Cost Incurred at June 30, 2004</u>	<u>Total Project Cost</u>
Parking lot	\$ 122,686	\$ 222,044
Street and capital improvements	<u>333,571</u>	<u>2,605,000</u>
Total	<u>\$ 456,257</u>	<u>\$ 2,827,044</u>

Discretely presented component unit:

Capital asset activity for the Downtown Development Authority (DDA) for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements –				
parking lots	\$ 685,000	\$	\$	\$ 685,000
Less: Accumulated				
depreciation for:				
Land improvements –				
parking lots	<u>(118,125)</u>	<u>(13,125)</u>		<u>(131,250)</u>
DDA capital assets – net	<u>\$ 566,875</u>	<u>\$ (13,125)</u>	<u>\$ -</u>	<u>\$ 553,750</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### D. Interfund receivables, payables, and transfers

##### Primary Government

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 7,704	Local Street	\$ 7,704
General	1,080	Building Inspection	1,080
General	90	Capital Projects	90
General	208	Utility	208
General	358	Trust and Agency	358
General	5,014	Police Trust	5,014
General	6,838	Garbage	6,838
Payroll	246	Motor Vehicle	246
Building Inspection	7,600	General	7,600
Utility	20,019	General	20,019
Motor Vehicle	555	General	555
Payroll	2,268	General	2,268
Payroll	534	Major Street	534
Major Street	57,050	Debt Service	57,050
Local Street	44,400	Debt Service	44,400
Motor Vehicle	5	Local Street	5
Payroll	552	Local Street	552
Payroll	2,400	Utility	2,400
Total primary government	<u>\$ 156,921</u>		<u>\$ 156,921</u>

Due to/from primary government and component unit:

<u>Receivable Entity</u>		<u>Payable Entity</u>	
General ( primary government)	<u>\$ 42,436</u>	Downtown Development Authority (component unit)	<u>\$ 42,436</u>



**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Interfund transfers:**

<b>Transfers out:</b>	<b><u>Transfers In</u></b>			<b><u>Total</u></b>
	<b><u>Major Street</u></b>	<b><u>Debt Service</u></b>	<b><u>Utility</u></b>	
Capital Projects	\$	\$ 429,823	\$	\$ 429,823
Local Street	22,000	62,000	50,000	134,000
Major Street		64,000		64,000
Utility		9,900		9,900
	<u>\$ 22,000</u>	<u>\$ 565,723</u>	<u>\$ 50,000</u>	<u>\$ 637,723</u>

**E. Long-term debt**

**General Obligation Bonds**

The Village has issued general obligation bonds to finance capital improvements related to streets, parking lots, and utility systems. The original amount of general obligation bonds issued in prior years was \$5,500,000. During the year, general obligation bonds and purchase contract totaling \$3,150,000 were issued.

Also, Downtown Development Authority (DDA) has issued a limited general obligation bond issue for \$685,000 for construction of parking lots.

Annual debt service requirements to maturity for general obligation bonds and contract purchase are as follows:

<b>Year Ending <u>June 30</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Component Unit – DDA</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2005	\$ 107,651	\$ 129,580	\$ 240,000	\$ 115,250	\$ 30,000	\$ 37,500
2006	113,123	128,598	245,000	109,250	35,000	35,490
2007	118,612	125,409	250,000	103,125	35,000	33,110
2008	124,120	121,856	255,000	96,875	40,000	30,695
2009	129,647	117,919	265,000	90,500	45,000	27,895
2010 – 2014	731,847	515,793	1,415,000	350,250	285,000	85,395
2015 – 2019	815,000	359,685	1,595,000	164,625	65,000	4,615
2020 – 2024	<u>615,000</u>	<u>82,515</u>	<u>345,000</u>	<u>8,625</u>		
	<u>\$ 2,755,000</u>	<u>\$ 1,581,355</u>	<u>\$ 4,610,000</u>	<u>\$ 1,038,500</u>	<u>\$ 535,000</u>	<u>\$ 254,700</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds and purchase contract currently outstanding are as follows:

<u>Purpose:</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities	3.73% - 4.48%	\$ 2,755,000
Business-type activities	2.5%	<u>4,610,000</u>
Total - Primary Government		7,365,000
Component unit (DDA)	6.79% - 7.1%	<u>535,000</u>
Total		<u>\$ 7,900,000</u>

The Village also has issued bonds where the Village has pledged income derived from the acquired or constructed assets to pay debt service. In prior years, the Village has issued revenue bonds totaling \$2,716,033 to finance construction projects for both the water and wastewater systems.

Revenue bonds outstanding at June 30, 2004 are as follows:

<u>Purpose:</u>	<u>Interest Rate</u>	<u>Amount</u>
Wastewater Treatment Plant improvements	5.1436%	\$ 885,000
Water System improvements	2.5%	<u>1,496,011</u>
Total		<u>\$ 2,381,011</u>

Revenue bond debt service requirements to maturity are as follows

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 90,000	\$ 81,726
2006	100,000	79,156
2007	100,000	76,231
2008	105,000	73,281
2009	105,000	69,581
2010 - 2014	590,000	300,464
2015 - 2019	690,000	201,414
2020 - 2024	421,011	94,221
2025 - 2029	<u>180,000</u>	<u>19,240</u>
Total	<u>\$ 2,381,011</u>	<u>\$ 995,314</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ -	\$ 3,000,000	\$ (395,000)	\$ 2,605,000	\$ 107,651
Contract purchase		150,000		150,000	
Accrued sick and vacation	<u>88,307</u>	<u>3,008</u>		<u>91,315</u>	<u>58,848</u>
Governmental activity - long-term liability	<u>\$ 88,307</u>	<u>\$ 3,153,008</u>	<u>\$ (395,000)</u>	<u>\$ 2,846,315</u>	<u>\$ 166,499</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 4,840,000	\$ -	\$ (230,000)	\$ 4,610,000	\$ 240,000
Revenue bonds	<u>2,471,011</u>		<u>(90,000)</u>	<u>2,381,011</u>	<u>90,000</u>
Total bonds payable	7,311,011	-	(320,000)	6,991,011	330,000
Accrued sick and vacation	<u>11,064</u>	<u>1,276</u>		<u>12,340</u>	
Business-type activity - long-term liability	<u>\$ 7,322,075</u>	<u>\$ 1,276</u>	<u>\$ (320,000)</u>	<u>\$ 7,003,351</u>	<u>\$ 330,000</u>

#### CHANGES IN LONG TERM LIABILITIES

##### Component unit (DDA):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component unit – long term liabilities	<u>\$ 560,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ 535,000</u>	<u>\$ 30,000</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### F. Segment information

The Village maintains two Utility Systems which provide water and sewer services. Segment information for the year ended June 30, 2004 is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 683,068	\$ 622,908	\$ 1,305,976
Depreciation expense and amortization	59,525	57,141	116,666
Operating income	199,553	146,112	345,665
Net income before transfers	33,310	97,680	130,990
Property, plant, and equipment additions	8,421	1,913	10,334
Net working capital	80,473	48,813	129,286
Total assets	8,708,059	3,910,658	12,618,717
<b>Bonds and other long term liabilities:</b>			
Payable from operating revenues	6,136,011	885,000	7,021,011
Total net assets	2,124,765	3,412,605	5,537,370

### NOTE 4. OTHER INFORMATION

#### Retirement Plan

##### A. Plan description

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is the Gabriel, Roeder, Smith & Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Blissfield, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 4. OTHER INFORMATION (Continued)

B. Funding policy

Employees make no contributions to the MERS Plan. The Village is required to contribute the actuarially determined amount each year. The current contribution rate is 11% of annual covered payroll. The contribution requirements of the Village of Blissfield are established and may be amended by the Board of Trustees of MERS.

C. Annual pension cost

For the year ended June 30, 2004, the Village's required annual pension contribution was \$78,684. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

- [a] 8.0% investment rate of return,
- [b] projected salary increases of 4.5% per year compounded annually,

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

The unfunded actuarial accrual liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period is thirty (30) years.

Three Year Trend Information

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Recognized</b>	<b>Net Pension Obligation</b>
6/30/02	\$ 69,844	100%	-0-
6/30/03	94,758	100%	-0-
6/30/04	78,684	100%	-0-

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 4. OTHER INFORMATION (Continued)

D. Actuarial Accrued Liability (as of 12/31/03)

Retirees and beneficiaries currently receiving benefits	\$ 667,234
Terminated employees not yet receiving benefits	-
Current employees --	
Accumulated employee contributions including	
allocated investment income	299,774
Employer financed	<u>1,055,083</u>
Total Actuarial Accrued Liability	2,022,091
Net Assets Available for Benefits at Actuarial Value	<u>1,689,353</u>
(Market Value is \$1,542,561)	
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ 332,738</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**

**June 30, 2004**

**VILLAGE'S DEFINED BENEFIT PENSION PLAN (MERS)**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets [a]</b>	<b>Actuarial Accrued Liability (AAL) Entry Age [b]</b>	<b>Unfunded AAL (UAAL) [b-a]</b>	<b>Funded Ratio [a/b]</b>	<b>Covered Payroll [c]</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/01	\$ 1,415,222	\$1,635,293	\$ 220,071	86.5%	\$ 649,561	33.9%
12/31/02	1,517,854	1,787,486	269,632	84.9%	641,981	42.0%
12/31/03	1,689,353	2,022,091	332,738	83.5%	756,260	44.0%

**VILLAGE OF BLISSFIELD, MICHIGAN**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2004**

**SPECIAL REVENUE FUNDS**

	<u>Major Street</u>	<u>Local Street</u>	<u>Building Inspection</u>	<u>Library</u>	<u>Total</u>
<b>ASSETS:</b>					
Cash	\$ 60,249	\$ 23,485	\$ 9,056	\$ 42,860	\$ 135,650
Investments	84	279,832		186,875	466,791
Accounts receivable	22,501	8,205			30,706
Due from other funds	57,050	44,400			101,450
<b>Total assets</b>	<b>\$ 139,884</b>	<b>\$ 355,922</b>	<b>\$ 9,056</b>	<b>\$ 229,735</b>	<b>\$ 734,597</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 6,647	\$ 3,541	\$	\$	\$ 10,188
Accrued payroll	1,237	4,826	207		6,270
Due to other funds	534	8,261	8,680		17,475
<b>Total liabilities</b>	<b>8,418</b>	<b>16,628</b>	<b>8,887</b>	<b>-</b>	<b>33,933</b>
<b>FUND BALANCE:</b>					
Reserved for police equipment					
Reserved for little league					
Reserved for Memorial Park					
Unreserved, undesignated	131,466	339,294	169	229,735	700,664
<b>Total fund balance</b>	<b>131,466</b>	<b>339,294</b>	<b>169</b>	<b>229,735</b>	<b>700,664</b>
<b>Total liabilities and fund balance</b>	<b>\$ 139,884</b>	<b>\$ 355,922</b>	<b>\$ 9,056</b>	<b>\$ 229,735</b>	<b>\$ 734,597</b>

The notes to the financial statements are an integral part of this statement.



**PERMANENT FUNDS**

<u>Police Equipment</u>	<u>Bachmayer Little League</u>	<u>Clara Bachmayer Memorial Park</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,120	\$ 284	\$ 358	\$ 1,762	\$ 137,412
23,957	35,918	50,926	110,801	577,592
				30,706
				<u>101,450</u>
<u>\$ 25,077</u>	<u>\$ 36,202</u>	<u>\$ 51,284</u>	<u>\$ 112,563</u>	<u>\$ 847,160</u>
\$	\$	\$	\$	\$ 10,188
5,014			5,014	6,270
				<u>22,489</u>
<u>5,014</u>	<u>-</u>	<u>-</u>	<u>5,014</u>	<u>38,947</u>
20,063	36,000	51,000	20,063	20,063
			36,000	36,000
			51,000	51,000
	<u>202</u>	<u>284</u>	<u>486</u>	<u>701,150</u>
<u>20,063</u>	<u>36,202</u>	<u>51,284</u>	<u>107,549</u>	<u>808,213</u>
<u>\$ 25,077</u>	<u>\$ 36,202</u>	<u>\$ 51,284</u>	<u>\$ 112,563</u>	<u>\$ 847,160</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2004**

**SPECIAL REVENUE FUNDS**

	<u>Major Street</u>	<u>Local Street</u>	<u>Building Inspection</u>	<u>Library</u>	<u>Total</u>
<b>Revenues:</b>					
Property taxes	\$	\$ 340,549	\$	\$	\$ 340,549
Intergovernmental – State	180,334	58,592			238,926
Interest	1,075	2,888	25	975	4,963
Gifts				78,942	78,942
Fines				2,992	2,992
<b>Licenses, fees and charges for services:</b>					
Fee revenue			46,600		46,600
Sales to individuals	25,810	13,514			39,324
Miscellaneous	1,538	9,896		2,591	14,025
<b>Total revenues</b>	<u>208,757</u>	<u>425,439</u>	<u>46,625</u>	<u>85,500</u>	<u>766,321</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Highways and streets	186,864	130,178			317,042
<b>Public safety:</b>					
Inspections			47,495		47,495
Police					
<b>Culture and recreation:</b>					
Library				1,122	1,122
<b>Total expenditures</b>	<u>186,864</u>	<u>130,178</u>	<u>47,495</u>	<u>1,122</u>	<u>365,659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,893</u>	<u>295,261</u>	<u>(870)</u>	<u>84,378</u>	<u>400,662</u>
<b>Other financing sources (uses):</b>					
Transfers in	22,000				22,000
Transfers out	(64,000)	(134,000)			(198,000)
<b>Total other financing sources (uses)</b>	<u>(42,000)</u>	<u>(134,000)</u>	<u>-</u>	<u>-</u>	<u>(176,000)</u>
<b>Net change in fund balances</b>	<u>(20,107)</u>	<u>161,261</u>	<u>(870)</u>	<u>84,378</u>	<u>224,662</u>
<b>Fund balances – beginning of year</b>	<u>151,573</u>	<u>178,033</u>	<u>1,039</u>	<u>145,357</u>	<u>476,002</u>
<b>Fund balances – end of year</b>	<u>\$ 131,466</u>	<u>\$ 339,294</u>	<u>\$ 169</u>	<u>\$ 229,735</u>	<u>\$ 700,664</u>

The notes to the financial statements are an integral part of this statement.

**PERMANENT FUNDS**

<u>Police Equipment</u>	<u>Bachmayer Little League</u>	<u>Clara Bachmayer Memorial Park</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$	\$	\$	\$	\$ 340,549
				238,926
114	146	207	467	5,430
8,000			8,000	86,942
				2,992
				46,600
				39,324
				<u>14,025</u>
<u>8,114</u>	<u>146</u>	<u>207</u>	<u>8,467</u>	<u>774,788</u>
				317,042
				47,495
11,460			11,460	11,460
				<u>1,122</u>
<u>11,460</u>	<u>-</u>	<u>-</u>	<u>11,460</u>	<u>377,119</u>
<u>(3,346)</u>	<u>146</u>	<u>207</u>	<u>(2,993)</u>	<u>397,669</u>
				22,000
				<u>(198,000)</u>
				(176,000)
(3,346)	146	207	(2,993)	221,669
<u>23,409</u>	<u>36,056</u>	<u>51,077</u>	<u>110,542</u>	<u>586,544</u>
<u>\$ 20,063</u>	<u>\$ 36,202</u>	<u>\$ 51,284</u>	<u>\$ 107,549</u>	<u>\$ 808,213</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**MAJOR STREET SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
State Highway Funds - Act 51	\$ 163,000	\$ 163,000	\$ 170,609	\$ 7,609
State Highway Funds - trunkline maintenance	10,000	11,000	9,725	(1,275)
<b>Miscellaneous:</b>				
Sales to individuals	15,000	1,000	25,810	24,810
Interest	1,200	1,200	1,075	(125)
Miscellaneous		<u>10,000</u>	<u>1,538</u>	<u>(8,462)</u>
Total revenues	<u>189,200</u>	<u>186,200</u>	<u>208,757</u>	<u>22,557</u>
<b>Expenditures:</b>				
Administration	25,680	23,680	22,866	814
Construction	69,630	22,630	19,908	2,722
Routine maintenance	37,840	40,100	25,480	14,620
Traffic	6,340	4,840	4,815	25
Winter maintenance	14,180	11,600	11,499	101
223 Highway	10,610	82,110	80,769	1,341
Municipal street lighting	<u>22,000</u>	<u>22,000</u>	<u>21,527</u>	<u>473</u>
Total expenditures	<u>186,280</u>	<u>206,960</u>	<u>186,864</u>	<u>20,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,920</u>	<u>(20,760)</u>	<u>21,893</u>	<u>42,653</u>
<b>Other financing sources (uses):</b>				
Transfers in	22,000	22,000	22,000	
Transfers out	<u>(64,000)</u>	<u>(64,000)</u>	<u>(64,000)</u>	
Total other financing sources (uses)	<u>(42,000)</u>	<u>(42,000)</u>	<u>(42,000)</u>	<u>-</u>
Net change in fund balance	(39,080)	(62,760)	(20,107)	42,653
Fund balance - beginning of year			<u>151,573</u>	
Fund balance - end of year			<u>\$ 131,466</u>	

VILLAGE OF BLISSFIELD, MICHIGAN

LOCAL STREET SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 371,300	\$ 340,600	\$ 340,549	\$ (51)
<b>Intergovernmental:</b>				
State Highway Funds -				
Act 51	56,200	56,200	58,592	2,392
<b>Miscellaneous:</b>				
Sales to individuals		3,000	13,514	10,514
Interest	2,200	2,200	2,888	688
Miscellaneous	<u>12,000</u>	<u>10,000</u>	<u>9,896</u>	<u>(104)</u>
Total revenues	<u>441,700</u>	<u>412,000</u>	<u>425,439</u>	<u>13,439</u>
<b>Expenditures:</b>				
Administration	69,780	25,780	25,405	375
Construction	18,780	40,780	34,987	5,793
Routine maintenance	37,240	37,240	30,370	6,870
Traffic	4,770	4,770	3,195	1,575
Winter maintenance	14,700	9,600	9,423	177
Municipal street lighting	<u>27,000</u>	<u>27,000</u>	<u>26,798</u>	<u>202</u>
Total expenditures	<u>172,270</u>	<u>145,170</u>	<u>130,178</u>	<u>14,992</u>
Excess of revenues over expenditures	269,430	266,830	295,261	28,431
<b>Other financing uses:</b>				
Transfers out	<u>(94,800)</u>	<u>(94,800)</u>	<u>(134,000)</u>	<u>(39,200)</u>
Net change in fund balance	174,630	172,030	161,261	(10,769)
Fund balance - beginning of year			<u>178,033</u>	
Fund balance - end of year			<u>\$ 339,294</u>	

VILLAGE OF BLISSFIELD, MICHIGAN

BUILDING INSPECTION SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Fee revenue	\$ 42,000	\$ 44,000	\$ 46,600	\$ 2,600
Interest	120	120	25	(95)
Total revenues	42,120	44,120	46,625	2,505
<b>Expenditures:</b>				
Inspections	41,100	55,250	47,495	7,755
Excess (deficiency) of revenues over (under) expenditures	1,020	(11,130)	(870)	10,260
<b>Other financing sources (uses):</b>				
Transfers in		11,100		(11,100)
Net change in fund balance	1,020	(30)	(870)	(840)
Fund balance -- beginning of year			1,039	
Fund balance -- end of year			\$ 169	

**VILLAGE OF BLISSFIELD, MICHIGAN**

**LIBRARY TRUST      SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Gifts	\$	\$ 80,000	\$ 78,942	\$ (1,058)
Fines		2,000	2,992	992
Interest	400	300	975	675
Miscellaneous	<u>1,750</u>	<u>2,500</u>	<u>2,591</u>	<u>91</u>
Total revenues	2,150	84,800	85,500	700
<b>Expenditures:</b>				
<b>Culture and recreation</b>				
Library	<u>15,590</u>	<u>1,400</u>	<u>1,122</u>	<u>278</u>
Net change in fund balance	(13,440)	83,400	84,378	978
Fund balance - beginning of year			<u>145,357</u>	
Fund balance - end of year			<u>\$ 229,735</u>	

# VILLAGE OF BLISSFIELD, MICHIGAN

## SCHEDULE OF INDEBTEDNESS

June 30, 2004

### PRIMARY GOVERNMENT:

The Village has constructed a new water treatment plant. The construction costs for the plant are being funded by two bond issues – an Unlimited Tax General Obligation Bond Issue of \$5,500,000 and a Water Supply System Revenue Bond Issue of \$971,033.

Also, the Village has an additional bond issue a (Water Supply System Revenue Bond Issue of \$750,000) to fund nitrate removal equipment at the new water treatment plant.

These bond issues were purchased by the Michigan Municipal Bond Authority under the Drinking Water Revolving Fund. Under the purchase contract, the Village will receive the principal proceeds as loan draw-downs as the construction costs are incurred.

\$5,500,000

### VILLAGE OF BLISSFIELD COUNTY OF LENAWE, STATE OF MICHIGAN

#### UNLIMITED TAX GENERAL OBLIGATION WATER SUPPLY SYSTEM BONDS

SEPTEMBER 29, 1998

2.50%

Payment Date	Principal Due	Interest Rate	Interest Due	Fiscal Year Total
10/1/04	\$		\$	
04/1/05	240,000.00	2.50%	57,625.00	\$ 355,250.00
10/1/05			54,625.00	
04/1/06	245,000.00	2.50%	54,625.00	354,250.00
10/1/06			51,562.50	
04/1/07	250,000.00	2.50%	51,562.50	353,125.00
10/1/07			48,437.50	
04/1/08	255,000.00	2.50%	48,437.50	351,875.00
10/1/08			45,250.00	
04/1/09	265,000.00	2.50%	45,250.00	355,500.00
10/1/09			41,937.50	
04/1/10	270,000.00	2.50%	41,937.50	353,875.00
10/1/10			38,562.50	
04/1/11	275,000.00	2.50%	38,562.50	352,125.00
10/1/11			35,125.00	
04/1/12	285,000.00	2.50%	35,125.00	355,250.00
10/1/12			31,562.50	
04/1/13	290,000.00	2.50%	31,562.50	353,125.00
10/1/13			27,937.50	
04/1/14	295,000.00	2.50%	27,937.50	350,875.00
10/1/14			24,250.00	
04/1/15	305,000.00	2.50%	24,250.00	353,500.00
10/1/15			20,437.50	
04/1/16	310,000.00	2.50%	20,437.50	350,875.00
10/1/16			16,562.50	
04/1/17	320,000.00	2.50%	16,562.50	353,125.00
10/1/17			12,562.50	
04/1/18	325,000.00	2.50%	12,562.50	350,125.00
10/1/18			8,500.00	
04/1/19	335,000.00	2.50%	8,500.00	352,000.00
10/1/19			4,312.50	
04/1/20	345,000.00	2.50%	4,312.50	353,625.00
10/1/20			0.00	
	<u>\$ 4,610,000.00</u>		<u>\$ 1,038,500.00</u>	<u>\$ 5,648,500.00</u>



# VILLAGE OF BLISSFIELD, MICHIGAN

## SCHEDULE OF INDEBTEDNESS

June 30, 2004

### PRIMARY GOVERNMENT:

The Village issued a \$3,000,000 bond issue to finance certain capital improvements to the water, sanitary sewer, and storm water systems and improvements to certain streets. The bond issue has an average interest cost of 4.47942% annually.

The required debt payments follow:

\$3,000,000

### VILLAGE OF BLISSFIELD COUNTY OF LENAWE, STATE OF MICHIGAN

#### 2003 CAPITAL IMPROVEMENT BONDS LIMITED TAX GENERAL OBLIGATION

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Total Payment</u>	<u>Fiscal Year Total</u>
04/1/04	\$		\$	\$ 32,161.67	\$ 32,161.67
10/1/04			62,925.00	62,925.00	
04/1/05	95,000.00	2.500%	62,925.00	157,925.00	220,850.00
10/1/05			61,737.50	61,737.50	
04/1/06	100,000.00	2.700%	61,737.50	161,737.50	223,475.00
10/1/06			60,387.50	60,387.50	
04/1/07	105,000.00	2.900%	60,387.50	165,387.50	225,775.00
10/1/07			58,865.00	58,865.00	
04/1/08	110,000.00	3.100%	58,865.00	168,865.00	227,730.00
10/1/08			57,160.00	57,160.00	
04/1/09	115,000.00	3.300%	57,160.00	172,160.00	229,320.00
10/1/09			55,262.50	55,262.50	
04/1/10	120,000.00	3.500%	55,262.50	175,262.50	230,525.00
10/1/10			53,162.50	53,162.50	
04/1/11	125,000.00	3.700%	53,162.50	178,162.50	231,325.00
10/1/11			50,850.00	50,850.00	
04/1/12	130,000.00	3.900%	50,850.00	180,850.00	231,700.00
10/1/12			48,315.00	48,315.00	
04/1/13	135,000.00	4.000%	48,315.00	183,315.00	231,630.00
10/1/13			45,615.00	45,615.00	
04/1/14	140,000.00	4.100%	45,615.00	185,615.00	231,230.00
10/1/14			42,745.00	42,745.00	
04/1/15	155,000.00	4.200%	42,745.00	197,745.00	240,490.00
10/1/15			39,490.00	39,490.00	
04/1/16	155,000.00	4.300%	39,490.00	194,490.00	233,980.00
10/1/16			36,157.50	36,157.50	
04/1/17	160,000.00	4.400%	36,157.50	196,157.50	232,315.00
10/1/17			32,637.50	32,637.50	
04/1/18	170,000.00	4.500%	32,637.50	202,637.50	235,275.00
10/1/18			28,812.50	28,812.50	
04/1/19	175,000.00	4.600%	28,812.50	203,812.50	232,625.00
10/1/19			24,787.50	24,787.50	
04/1/20	185,000.00	4.700%	24,787.50	209,787.50	234,575.00
10/1/20					
04/1/21	195,000.00*				
10/1/21					
04/1/22	200,000.00*				
10/1/22			10,860.00	10,860.00	
04/1/23	210,000.00	5.000%	10,860.00	220,860.00	231,720.00
10/1/23			5,610.00	5,610.00	
04/1/24	220,000.00	5.100%	5,610.00	225,610.00	231,220.00
10/1/24					
	<u>\$ 2,605,000.00</u>		<u>\$ 1,550,760.00</u>	<u>\$ 4,187,921.67</u>	<u>\$ 4,187,921.67</u>

\*Not added to total. Paid in fiscal year 2003-2004.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**June 30, 2004**

**PRIMARY GOVERNMENT:**

The Village borrowed funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot Project. Total loan is \$150,000 at a 3.73% interest rate.

A payment schedule follows:

**\$150,000**

**VILLAGE OF BLISSFIELD**

**MUNICIPAL PURCHASE CONTRACT**

**DECEMBER 31, 2003**

<b>Payment Due</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b>Fiscal Year <u>Total</u></b>
8/29/2004	\$ 12,650.91	\$ 3,730.18	\$ 16,381.09
8/29/2005	13,122.79	5,123.12	18,245.91
8/29/2006	13,612.27	4,633.64	18,245.91
8/29/2007	14,120.01	4,125.90	18,245.91
8/29/2008	14,646.68	3,599.23	18,245.91
8/29/2009	15,193.00	3,052.91	18,245.91
8/29/2010	15,759.70	2,486.21	18,245.91
8/29/2011	16,347.54	1,898.73	18,246.27
8/29/2012	16,957.30	1,288.61	18,245.91
8/29/2013	<u>17,589.80</u>	<u>656.10</u>	<u>18,245.90</u>
	<u>\$ 150,000.00</u>	<u>\$ 30,594.63</u>	<u>\$ 180,594.63</u>

The Village may, at its option, prepay the Agreement on any payment due date without premium or penalty.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**June 30, 2004**

**PRIMARY GOVERNMENT:**

In 1998-99, the Village paid off the balance of the Wastewater Treatment Revenue Bonds, dated June 1, 1987, with the new Revenue Refunding Bonds. Principal balance on this new issue is \$995,000. A schedule of projected bond payments (including interest) is as follows:

**SCHEDULE OF BONDED DEBT**

**\$995,000**

**VILLAGE OF BLISSFIELD  
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WASTEWATER TREATMENT PLANT IMPROVEMENT  
REVENUE REFUNDING BONDS, 1998 SERIES**

**5.1436%**

<u>Year</u>	<u>Principal Due July 1</u>	<u>Total P&amp;I</u>	<u>Year</u>	<u>Principal Due July 1</u>	<u>Total P&amp;I</u>
2005	\$ 20,000	\$ 64,200	2017	\$ 40,000	\$ 68,260
2006	25,000	68,380	2018	40,000	66,220
2007	25,000	67,330	2019	40,000	64,180
2008	25,000	66,255	2020	45,000	67,100
2009	25,000	65,155	2021	45,000	64,760
2010	25,000	64,030	2022	50,000	67,420
2011	30,000	67,830	2023	50,000	64,820
2012	30,000	66,390	2024	55,000	67,220
2013	30,000	64,950	2025	55,000	64,360
2014	35,000	68,510	2026	60,000	66,500
2015	35,000	66,830	2027	65,000	68,380
2016	35,000	65,045			
				<u>\$ 885,000</u>	<u>\$ 1,524,125</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**June 30, 2004**

**PRIMARY GOVERNMENT:**

**\$971,033**

**VILLAGE OF BLISSFIELD  
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WATER SUPPLY SYSTEM REVENUE BONDS  
SERIES 2000**

**SEPTEMBER 29, 1998**

**2.50%**

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/04	\$		\$ 10,137.91	\$
04/1/05	40,000.00	2.50%	10,137.91	60,275.82
10/1/05			9,637.91	
04/1/06	45,000.00	2.50%	9,637.91	64,275.82
10/1/06			9,075.41	
04/1/07	45,000.00	2.50%	9,075.41	63,150.82
10/1/07			8,512.91	
04/1/08	45,000.00	2.50%	8,512.91	62,025.82
10/1/08			7,950.41	
04/1/09	45,000.00	2.50%	7,950.41	60,900.82
10/1/09			7,387.91	
04/1/10	50,000.00	2.50%	7,387.91	64,775.82
10/1/10			6,762.91	
04/1/11	50,000.00	2.50%	6,762.91	63,525.82
10/1/11			6,137.91	
04/1/12	50,000.00	2.50%	6,137.91	62,275.82
10/1/12			5,512.91	
04/1/13	50,000.00	2.50%	5,512.91	61,025.82
10/1/13			4,887.91	
04/1/14	55,000.00	2.50%	4,887.91	64,775.82
10/1/14			4,200.41	
04/1/15	55,000.00	2.50%	4,200.41	63,400.82
10/1/15			3,512.91	
04/1/16	55,000.00	2.50%	3,512.91	62,025.82
10/1/16			2,825.41	
04/1/17	60,000.00	2.50%	2,825.41	65,650.82
10/1/17			2,075.41	
04/1/18	60,000.00	2.50%	2,075.41	64,150.82
10/1/18			1,325.41	
04/1/19	60,000.00	2.50%	1,325.41	62,650.82
10/1/19			575.41	
04/1/20	46,033.00	2.50%	575.41	47,183.82
10/1/20			0.00	
	<u>\$ 811,033.00</u>		<u>\$ 181,038.12</u>	<u>\$ 992,071.12</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**June 30, 2004**

**PRIMARY GOVERNMENT:**

**\$750,000**

**VILLAGE OF BLISSFIELD  
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WATER SUPPLY SYSTEM REVENUE BONDS**

**SERIES 2001**

**FINAL SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/04	\$		\$ 8,625.00	\$
04/1/05	30,000.00	2.500%	8,625.00	47,250.00
10/1/05			8,250.00	
04/1/06	30,000.00	2.500%	8,250.00	46,500.00
10/1/06			7,875.00	
04/1/07	30,000.00	2.500%	7,875.00	45,750.00
10/1/07			7,500.00	
04/1/08	35,000.00	2.500%	7,500.00	50,000.00
10/1/08			7,062.50	
04/1/09	35,000.00	2.500%	7,062.50	49,125.00
10/1/09			6,625.00	
04/1/10	35,000.00	2.500%	6,625.00	48,250.00
10/1/10			6,187.50	
04/1/11	35,000.00	2.500%	6,187.50	47,375.00
10/1/11			5,750.00	
04/1/12	35,000.00	2.500%	5,750.00	46,500.00
10/1/12			5,312.50	
04/1/13	40,000.00	2.500%	5,312.50	50,625.00
10/1/13			4,812.50	
04/1/14	40,000.00	2.500%	4,812.50	49,625.00
10/1/14			4,312.50	
04/1/15	40,000.00	2.500%	4,312.50	48,625.00
10/1/15			3,812.50	
04/1/16	40,000.00	2.500%	3,812.50	47,625.00
10/1/16			3,312.50	
04/1/17	40,000.00	2.500%	3,312.50	46,625.00
10/1/17			2,812.50	
04/1/18	45,000.00	2.500%	2,812.50	50,625.00
10/1/18			2,250.00	
04/1/19	45,000.00	2.500%	2,250.00	49,500.00
10/1/19			1,687.50	
04/1/20	45,000.00	2.500%	1,687.50	48,375.00
10/1/20			1,125.00	
04/1/21	45,000.00	2.500%	1,125.00	47,250.00
10/1/21			562.50	
04/1/22	39,978.00	2.500%	562.50	41,103.00
10/1/22			0.00	
04/1/23	0.00	0.000%	0.00	0.00
10/1/23			0.00	
	<u>\$ 684,978.00</u>		<u>\$ 175,750.00</u>	<u>\$ 860,728.00</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**June 30, 2004**

**COMPONENT UNIT:**

The Downtown Development Authority (a component unit of the Village) has issued a limited general obligation bond issue, dated December 1, 1994, for construction of parking lots. The bond issue for \$685,000 has an average interest rate of 6.965%.

The schedule of bond payments follows:

**\$685,000**

**VILLAGE OF BLISSFIELD**

**DOWNTOWN DEVELOPMENT BONDS, SERIES 1994**

**DECEMBER 1, 1994**

**(LIMITED TAX GENERAL OBLIGATION)**

<b>Payment Date</b>	<b>Principal Due</b>	<b>Interest Rate</b>	<b>Interest Due</b>	<b>Fiscal Year Total</b>
4-1-05	\$ 30,000.00	6.700%	\$ 37,500.00	\$ 67,500.00
4-1-06	35,000.00	6.800%	35,490.00	70,490.00
4-1-07	35,000.00	6.900%	33,110.00	68,110.00
4-1-08	40,000.00	7.000%	30,695.00	70,695.00
4-1-09	45,000.00	7.000%	27,895.00	72,895.00
4-1-10	50,000.00	7.000%	24,745.00	74,745.00
4-1-11	55,000.00	7.000%	21,245.00	76,245.00
4-1-12	60,000.00	7.100%	17,395.00	77,395.00
4-1-13	60,000.00	7.100%	13,135.00	73,135.00
4-1-14	60,000.00	7.100%	8,875.00	68,875.00
4-1-15	<u>65,000.00</u>	7.100%	<u>4,615.00</u>	<u>69,615.00</u>
	<u>\$ 535,000.00</u>		<u>\$ 254,700.00</u>	<u>\$ 789,700.00</u>